

6. CONCLUSIONS AND RECOMMENDATIONS

After assessing the results of the demographic study, Booz·Allen & Hamilton and Shugoll Research have established target segments for direct-deposit marketing programs. They are presented in the order of priority. Justifications for this ranking are included, as are the messages that should be most effective in reaching each segment and the vehicles that are recommended for conveying the messages.

6.1 Segment 1: Retirement Check Recipients, Including Social Security Administration, Federal Civil Service Retirement, Veterans Administration Pension, and Railroad Retirement Board Pension

6.1.1 Justification for Top Priority

1. This segment accounts for more than three-quarters of all Federal benefit check recipients. Thus, changes in attitudes and behavior among this segment has a far greater effect on total EFT numbers than changes in other segments.
2. Nearly all of this segment has bank accounts, in part because of low-cost or free accounts for senior citizens or special rates. Thus, lack of bank accounts, one of the most difficult obstacles to overcome, is not a major issue for this segment.
3. The attitudes of this segment against direct deposit are not firmly held; there is room to change them. This segment seems willing to consider direct deposit if their major concerns are addressed.
4. A number of the benefits associated with direct deposit are especially applicable to senior citizens. This means that there are clear advantages that marketing programs can promote.
5. The media patterns of this group are clearly defined. Therefore, messages can be targeted specifically to this group.

6.1.2 Messages To Be Communicated to This Segment

1. More than any other segment, this segment is composed of individuals who are very comfortable receiving their Federal payments by mail and are somewhat reluctant to change. Because almost none have had problems receiving their Federal payments during the years they have been receiving checks, the Federal government must reassure them that having their payments directly deposited will not create problems for them. One way to do this might be to communicate the extremely low rate of payment nonreceipt using EFT.
2. Members of this segment want to know when a payment is received, the amount of the payment, and whom they can contact if there is a problem. They also want to be

assured that they will not be charged fees or penalties, including fees for bounced checks, if there is a problem with payment transfer. Thus, FMS needs to consider what type of notification system is feasible and to what extent the Federal government or financial institutions will be responsible for this notification. Among the options that should be considered are a one-time notification of payment amount, payment date, and Federal government number to call in case of a problem; a voice information system at the recipient's financial institution that can be called 24 hours a day to verify the transfer; and monthly deposit verifications or bank statements. FMS also should be prepared to answer questions about who will pay bank fees if there is a problem with the direct deposit.

3. Safety is a major issue for retirees, especially those living in high-crime areas. Safety is an issue both in terms of checks that are stolen from mailboxes and the personal safety of check recipients returning from the bank after cashing their checks. Thus, the message that direct deposit is safer than checks is powerful for this segment.
4. Convenience is another message that can be particularly meaningful for retirement check recipients. Many in this segment may have periods of illness or injury that hinder their ability to go to the bank, and many travel frequently. Thus, the message that payments go into their accounts whether or not they can get to the bank may be presented as a strong advantage of direct deposit. It may even be presented as a way of planning for times when they may be less mobile.
5. Retirement check recipients should be assured that they can still go to the bank whenever they want to get cash and conduct their financial business. The ability to go when they want can be communicated as greater freedom and independence to bank on their own schedules and terms.

6.1.3 Vehicles To Be Used in Reaching This Segment

1. Like all segments, this segment is best reached through printed inserts with checks and other direct mail sent to check recipients but separately from the checks. Large print should be used for these materials to assist those who are visually impaired.
2. This segment reads newspapers more often than younger segments do and can be reached more effectively than other groups through newspaper articles and newspaper ads.
3. Publications targeted primarily, or exclusively, to senior adults represent an opportunity to reach this segment.
4. Certain radio and television programs are targeted to an older population and may be used to reach this segment. Public relations stories, public service announcements (PSAs), and paid advertising are possibilities, depending on the communication budget available to FMS.

5. The Federal government should use organizations such as AARP and local or regional senior groups as intermediaries to help educate Federal retirement check recipients about the benefits of direct deposit and possibly assist with sign-up procedures. If these organizations have senior centers, posters for direct deposit can be displayed there, brochures can be distributed, and talks on the subject can be given. Publications from these organizations may serve as vehicles for placing ads and articles. State, Federal, and local government agencies serving senior citizens also may serve as clearinghouses for information.
6. Because word of mouth can be a valuable tool, especially in overcoming fears about how well a new technology will work, FMS could encourage group discussions about direct deposit at senior centers, banks, Federal agency offices, etc., enabling retirees to interact and to discuss their experiences with checks and direct deposit.

6.2 Segment 2: Disabled Check Recipients, Including Disabled Veterans, Disabled Federal Employees, Disabled Railroad Workers, and Disabled SSA and SSI Check Recipients

6.2.1 Justification for Second Priority Segment

1. This segment, although relatively small, has characteristics that predispose it toward direct deposit. In fact, the benefits of direct deposit for this segment are so great that most Federal disability check recipients contacted for the focus groups already used direct deposit.
2. Although marketing materials and vehicles may need to be tailored for these check recipients according to type, severity, and source of disability, a number of targeted organizations and publications can be used in reaching this segment.
3. Nearly all members of this segment have bank accounts. Thus, one of the most difficult obstacles to direct deposit is not an issue for them.

6.2.2 Messages To Be Communicated to This Segment

1. Convenience is clearly the most important benefit of direct deposit for disabled check recipients. Disabled individuals have more difficulty than others in getting to banks and conducting their business once there. Thus, the convenience of depositing their money automatically to their accounts each month is a major advantage for this segment that should be stressed.
2. For reassuring this segment about payment receipt by direct deposit, they should receive notification of the amount and dates of EFT, a name and number to contact in case of problems, and information about policies on responsibility for bank fees if fees result from problems with direct deposit.

3. An easy sign-up procedure, although not as important as not having to go to the bank, is still an important benefit for this segment. Telephone enrollment procedures, in particular, should be communicated to this segment.

6.2.3 Vehicles To Be Used in Reaching This Segment

1. Like all segments, this segment is best reached through check inserts and other direct mail sent to check recipients separately from the checks.
2. This segment, which also is largely age 55 or older, reads newspapers more often than younger segments do and thus can be reached effectively through newspaper articles and ads. Certain radio and television programs that are targeted to this population's demographics also may reach this segment. A combination of PSAs, paid advertising, and placement of public relations stories is recommended for these print and broadcast media.
3. A number of publications are targeted primarily or exclusively to disabled individuals, senior adults, and veterans. Because these groups constitute the majority of this segment, these publications can be used to reach these specific groups. Thus, a combination of public relations stories, PSAs, and advertisements in these publications should be used.
4. Organizations such as Paralyzed Veterans Association, Disabled American Veterans, and other support groups can be used as intermediaries to help educate Federal disability check recipients about the benefits of direct deposit, and they could assist with sign-up procedures. If these organizations or other service organizations, such as the American Legion or Veterans of Foreign Wars (VFW), have membership centers, posters for direct deposit can be displayed there, brochures can be distributed, and talks on the subject can be given. Ads and articles can be placed in publications from these organizations, and their information and referral services also may be for EFT information clearinghouses.

6.3 Segment 3: Unbanked Federal Benefit Check Recipients, Especially SSI Check Recipients Under 55 Years of Age

6.3.1 Justification for Third Priority Segment

1. This segment represents at least one-fifth of current Federal benefit check recipients, probably more, assuming that unbanked individuals are likely to be underrepresented in this research. The size of this segment mandates attention.
2. This segment also represents the most economically disadvantaged of all check recipients. Thus, they are most in need of help in the transition to EFT.

3. Overall, this segment is the youngest, so converting their payments to direct deposit or another type of EFT will be more cost-effective over time.
4. This is the most difficult segment to convert because messages alone will be insufficient in obtaining their consent to deposit their Federal benefit payments directly. Any strategy must include offering these individuals an account where their Federal payments can be deposited and accessed.
5. This segment is least likely to trust the Federal government and financial institutions. Thus, messages will need to be communicated carefully to prevent alienating these check recipients.

6.3.2 Messages To Be Communicated To This Segment

1. Before this segment can be convinced to use direct deposit or another EFT method, the recipient must have an account of some kind. Because the major obstacle to having a bank account is the associated high fees, especially if there is a minimum balance that is not maintained, FMS should consider negotiating with financial institutions for a type of base account that these individuals can use at little or no cost. If the Federal government is successful in making special bank accounts available to this segment, the existence of such accounts and the benefits of safety and convenience must be communicated to the unbanked so that they will sign up for accounts.
2. Interest in a debit account and card is minimal and, according to the enrollment levels in previous voluntary pilot programs, the expense of setting up such a program from the benefit recipients' point of view probably is not worthwhile. However, because most unbanked Federal benefit check recipients still use banks to cash their Federal benefit checks, this is an option worth considering. If offered, the availability of debit accounts and cards must be communicated frequently to targeted consumers.
3. Many of the unbanked Federal benefit check recipients have had financial problems. These problems often contribute to their inability to open checking accounts at financial institutions. Thus, the type of account that is developed for this segment ideally should be structured so that it is difficult or impossible to overdraw the account. Assuming that the special accounts for this segment are structured in this way, the ease of obtaining and maintaining these accounts should be emphasized.
4. Privacy of information is a major issue for this segment, both privacy of financial information from the Federal government and, in some cases, privacy from other family members. Thus, the message should stress that the Federal government will not have access to information on account balances or consumer-initiated transactions.
5. Given the lack of trust that this segment has in both the Federal government and financial institutions, messages must be worded very carefully to prevent alienating the check recipients. The Federal government may want to use testimonials from

individuals highly respected by this segment or use advertisements and PSAs jointly sponsored by trusted consumer or community organizations to add credibility to the messages. Candidates for performing testimonials could include respected community leaders, city and state political figures, and local clergy. Before a spokesperson is selected, however, the message and the messenger should be evaluated for suitability of delivering messages to the “man on the street.”

6. More than any other segment, this group is likely to require an incentive to establish an account and sign up for direct deposit or EFT. The Federal government or financial institutions, or both, should investigate the feasibility of sharing some of the savings associated with EFT with current check recipients to encourage them to sign up for direct deposit. If an incentive is available to consumers, this will need to be clearly communicated for it to have an effect on behavior.

6.3.3 Vehicles To Be Used in Reaching This Segment

1. Like all other segments, the best way to reach this segment is through printed check inserts and other direct mail sent separately from the checks. Given the relatively low education level of this segment, all direct mail pieces should be easy to read and understand.
2. This segment is disproportionately female, minority (especially black non-Hispanic), urban, single, and lower income. Thus, FMS should use specific media that are targeted to these demographics. The media include radio and television programming, billboards, public transit advertising, and selected magazines.
3. Local community groups and child welfare, job training, and other social service organizations might be helpful in reaching this segment to communicate the benefits of direct deposit or other EFT mechanisms. These groups may be especially useful if direct deposit or EFT can be integrated into a full educational program on household finances and wise money management.

6.4 Segment 4: Federal Benefit Check Recipients Who Are Not English Speakers

6.4.1 Justification for Fourth Priority Segment

1. The current research provides little information on the size, characteristics, attitudes, and media use of this segment. Yet, the secondary data review suggests that some Federal check recipients are not English speakers and that minorities, including Hispanics and Asian-Americans who may not speak English, are disproportionately likely to be unbanked. This suggests that non-English speakers are likely to be an important segment for the Federal government to reach with messages about EFT. However, additional research is needed to determine the optimal messages and vehicles to use in reaching this segment.

In summary, Booz·Allen & Hamilton and Shugoll Research have concluded the four segments of the FMS study, including the demographic results describing the designated target groups within the U.S. population who receive Federal benefit checks.